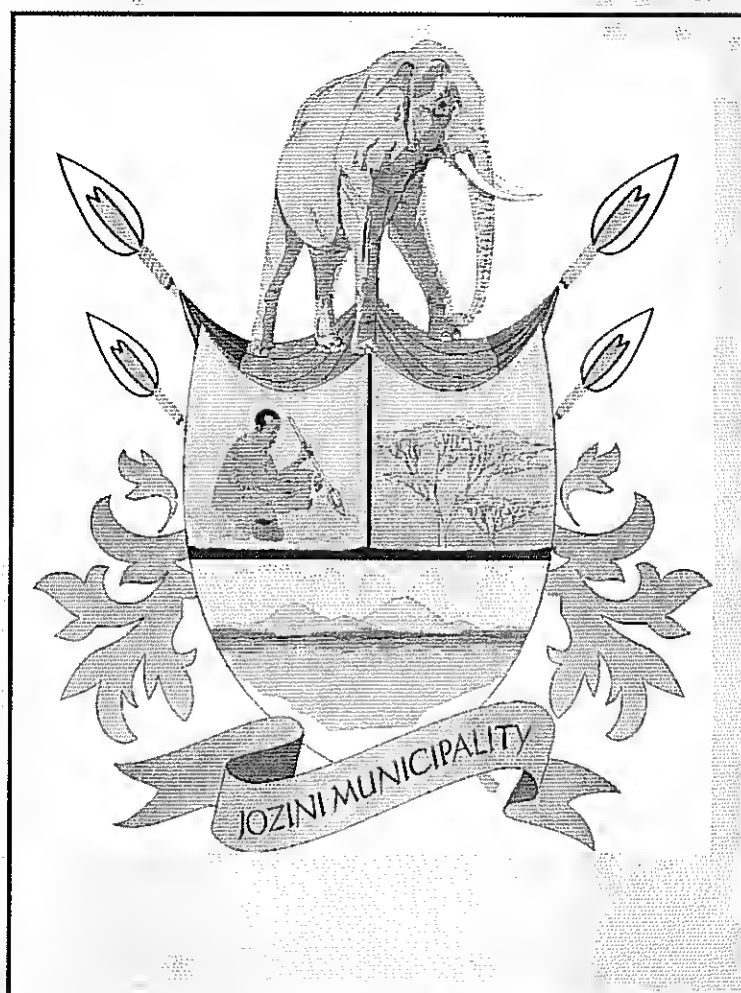


JOZINI MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS



FOR THE YEAR
ENDED 30 JUNE 2010

JOZINI MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2010

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JOZINI MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

GENERAL INFORMATION

MEMBERS OF THE EXECUTIVE COMMITTEE

Her Worship - The Mayor	: Cllr T.P. Mthethwa
Deputy Mayor	: Cllr J. Siyayo
Speaker	: Cllr H.M. Myeni
Exco Member	: Cllr P.J. Mbuyokhulu
Exco Member	: Cllr L.V. Khumolo
Exco Member	: Cllr P.R. Mngomezulu
Exco Member	: Cllr D.P. Mabika

SPEAKER OF COUNCIL

Total number of councillors: 33

Grading of Municipality

Grade 2 (in terms of Government Notice R1224 dated 1 December 2006)

Auditors

The Auditor-General
Private Bag X9034
PIETERMARITZBURG
3200

JOZINI MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

GENERAL INFORMATION (continued)

Bankers

First National Bank of South Africa (Operating account)

Registered office

Circle Street, Bottom Town	Private Bag x 028
Jazini	Jazini
3969	3969

Telephone (035) 572 1292

Fax (035) 572 1266

MUNICIPAL MANAGER

NN Nkasi (effective 01 December 2001)

Matric, Executive Leadership Development Programme - Municipal Manager's Certificate
(School of Public Administration and Development Management, UKZN)

Certificate in Municipal Finance Management (Wits Business School)

CHIEF FINANCIAL OFFICER

TV Mdluli (effective 01 July 2002)

Matric, N5 Financial Management

Certificate in Municipal Finance Management (Wits Business School)

Executive Leadership Development Programme - Municipal Manager's Certificate
(School of Public Administration and Development Management, UKZN)

JOZINI MUNICIPALITY

REPORT OF THE AUDITOR-GENERAL

30 JUNE 2010

The report of the Auditor-General South Africa will be inserted after the audit.


STATEMENT OF THE MUNICIPAL MANAGERS RESPONSIBILITY

JOZINI MUNICIPALITY ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

The Jozini Municipality is situated Circle Street, Bottom Town Jozini is a category B Municipality established in terms of section 12 (1) of the Municipal Structures Act, No.117 and published in terms of Provincial Government Notice 346 on the 19 September 2000. The Local Government Operations of the Municipality are assigned by section 156 and 229 of the South African Constitution and defined specifically in terms of section 83 of the Municipal Structures Act.

I am responsible for the preparation of these financial statements, which are set out on page 1 to 53 in terms of Section 126 (1) of the Municipal Finance Management Act, Act 56 of 2003 which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed on note 12 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the remuneration of the Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this act.



Mr N.N. Nkosi
Municipal Manager

27 August 2010
Date

JOZINI MUNICIPALITY
ACCOUNTING POLICIES
for the year ended 30 June 2010

1 BASIS OF ACCOUNTING

1.1 BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. These annual financial statements have been prepared in accordance with the Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

These standards are summarised as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statement
GRAP 3	Accounting Policies , Changes in Accounting Estimates and Errors
GRAP 4	The Effects of Changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associates
GRAP 8	Investments in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After the Reporting Date
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 100	Non-current Assets Held for Sale and Discontinued Operations
GRAP 101	Agriculture
GRAP 102	Intangible Assets

Accounting policies for material transaction, events or conditions not covered by the above GRAP Standards have been developed in accordance with paragraph 7,11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

The Accounting Standards Board has set transitional provisions for individual standards of GRAP as set out in Directive 4 issued in March 2009. Details of the transitional provisions applicable to the municipality have been provided in the notes to the annual financial statements.

A summary of the significant accounting policies which have been consistently applied except where transitional provisions has been granted are disclosed below as per Directive 4.

**JOZINI MUNICIPALITY
ACCOUNTING POLICIES
for the year ended 30 June 2010**

1.2 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.3 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

1.4 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

GRAP 18	Segment Reporting - issued March 2005
GRAP 21	Impairment of Non-Cash-generating-assets - issued March 2009
GRAP 23	Revenue from Non-Exchange Transactions - issued February 2008
GRAP 24	Presentation of Budget Information - issued November 2007
GRAP 26	Impairment of Cash-generating-assets - issued March 2009
GRAP 103	Heritage Assets - issued July 2008
IAS 19	Employee Benefits - effective 1 January 2009
IFRIC 17	Distribution of Non-cash Assets to Owners - effective 1 July 2009

2 PROPERTY, PLANT AND EQUIPMENT

2.1 INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset's given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

**JOZINI MUNICIPALITY
ACCOUNTING POLICIES
for the year ended 30 June 2010**

2.3 SUBSEQUENT MEASUREMENT - COST MODEL

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

2.4 DEPRECIATION AND IMPAIRMENT

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

	<u>Years</u>	<u>Other</u>	<u>Years</u>
Infrastructure			
Roads and Paving	30	Buildings	30
Pedestrian Malls	30	Specialist vehicles	10
Electricity	20-80	Other vehicles	5
		Office equipment	3-7
		Furniture and fittings	7-10
		Watercraft	15
Community		Bins and containers	5
Buildings	30	Specialised plant and equipment	10-15
Recreational Facilities	20-30	Other items of plant and equipment	2-5
Security	5	Landfill sites	15

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

The Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Boards, in terms of Directive 4 issued in March 2009, with respect to the measurement of property, plant and equipment as set out in paragraph 73 to 83.

2.5 DERECOGNITION

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

3 INTANGIBLE ASSETS

3.1 INITIAL RECOGNITION

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licenses, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

3.2 SUBSEQUENT MEASUREMENT - COST MODEL

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

3.3 AMORTISATION AND IMPAIRMENT

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

Computer software	5 years
-------------------	---------

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

The Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Boards, in terms of Directive 4 issued in March 2009, with respect to the measurement of Intangible Assets as set out in paragraph 110 to 118..

3.4 DERECOGNITION

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

4 FINANCIAL INSTRUMENTS

4.1 SUBSEQUENT MEASUREMENT

Financial instruments are initially recognised at fair value.

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-

4.2 RECEIVABLES

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

4.3 IMPAIRMENT OF TRADE RECEIVABLES

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

4.4 FINANCIAL LIABILITIES: ACCOUNTS PAYABLE

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

4.5 CASH AND CASH EQUIVALENTS

Cash includes cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

4.6 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

4.7 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

4.8 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

4.9 PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a (b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

5 COMPARATIVE INFORMATION

5.1 Current Year Comparatives

Budgeted amount have been included in an annexure to these financial statements for current financial year only.

5.2 Prior Year Comparatives

When presentation or classification of items in the annual financial statements is amended, prior period comparatives amounts are restated. The nature and reason for the reclassification is disclosed. When there has been a change in the accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparative is restated accordingly.

6 REVENUE

6.1 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services. Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licenses and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

for the year ended 30 June 2010

6.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible Councilors or officials is virtually certain.

7 GRANTS, TRANSFERS AND DONATIONS

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without

14 TRANSITIONAL PROVISIONS

The Municipality has taken advantage of the transitional provisions permitted by the Accounting Standards Board, as set out in Directive 4 issued in March 2009 as follows:

GRAP 1	Presentation of Financial Statements - paragraphs 7-8A
GRAP 9	Revenue from Exchange Transactions - paragraphs 37-38
GRAP 17	Property, Plant and Equipment - paragraphs 73-83
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets - paragraph 93-94E
GRAP 102	Intangible Assets - paragraph 110-118

JOZINI MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2010

	Note	2010 R	Restated 2009 R
NET ASSETS AND LIABILITIES			
NET ASSETS		78,407,875	53,949,794
Accumulated Surplus/ (Deficit)	1	78,407,875	53,949,794
NON CURRENT LIABILITIES		-	-
Long Term Liabilities			
Non-Current Provisions			
CURRENT LIABILITIES		21,894,237	18,954,010
Provisions	7	1,567,429	978,153
Unspent Conditional Grant and Receipts	2	17,793,713	15,192,528
Accounts payables	8	2,533,095	2,783,328
TOTAL NET ASSETS AND LIABILITIES		100,302,112	72,903,804
ASSETS			
NON- CURRENT ASSETS		76,258,031	57,654,587
Property, Plant and Equipment	3	76,170,810	57,554,527
Intangible Assets	4	87,221	100,060
Long Term Receivables		0	0
CURRENT ASSETS		24,044,080	15,249,168
Account receivables	6	5,055,761	2,968,906
Vot receivables	6	1,482,182	2,165,228
Call Investment Deposits	5	7,353,696	7,572,144
Cash and cash equivalents	22	10,152,440	2,542,890
		100,302,111	72,903,755

JOZINI MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2010

	Nate	Actual 2010 R	Actual 2009 R
REVENUE			
Rental of Facilities and equipment		135,135	99,561
Interest Earned - External Investment		716,364	1,697,504
Interest Earned - Outstanding Debtors		1,121,531	629,462
Government and Provincial grants and subsidies	15	71,710,534	48,644,762
Property Rates		6,238,695	1,058,682
Traffic Fines		195,750	348,800
Cemeteries		3,525	1,725
Refuse Removal	16	1,044,523	770,570
Other		504,333	307,437
TOTAL REVENUE		81,670,390	53,558,503
EXPENDITURE			
Employee Related Costs	11	18,930,278	16,647,428
Remuneration of Councillors	12	3,492,897	3,411,618
Bad Debts		3,031,013	2,718,634
Depreciation	13	2,121,145	2,084,453
General expenses	17	13,004,595	13,569,348
Repairs and maintenance		1,486,774	1,097,503
Contracted Services		2,181,079	634,106
Grant Expenditure		12,738,476	1,587,755
Loss on Disposal of Property, Plant and Equipment	18	226,005	-
Total Expenditure		57,212,262	41,750,846
Less: Amounts charged out		-	-
Net Surplus/ (Deficit)		24,458,128	11,807,657

JOZINI MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS
as at 30 June 2010

	Notes	Accumulated Surplus/ Deficit R	Total R
2009			
Balance at 1 July 2008		-436,763	-436,763
Change in accounting policy	25	42,760,307	42,760,332
Restated Balance		42,323,544	42,323,569
Surplus/(deficit) for the year		11,807,657	11,807,657
Prior Year Adjustment		-468,220	-468,220
Correction of error	24	286,764	286,788
Balance as at 30 June 2009		53,949,745	53,949,794
Surplus/(deficit) for the year		24,458,128	24,458,128
Balance as at 30 June 2010		78,407,875	78,407,875

JOZINI MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 R	2009 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		60,263,726	53,612,721
Cash paid to suppliers and employees		(32,638,395)	(32,904,013)
Cash generated from operations	19	27,625,331	20,708,708
Interest received		716,364	1,697,504
Interest paid		-	-
Net cash flows from operating activities		28,341,695	22,406,212
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	3	(20,950,594)	(30,978,291)
Proceeds on disposal of property, plant and equipment		-	-
Decrease in non-current receivables		-	-
(Increase)/Decrease in non-current investments		218,448	1,940,814
Net cash flows from investing activities		(20,732,146)	(29,037,477)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in Long Term Liabilities		-	-
Increase/(Decrease) in consumer deposits		-	-
Non-operating income received in provisions/reserves		-	-
Non-operating expenditure charged against provisions/reserves		-	-
Net cash flows from financing activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS		7,609,549	(6,631,265)
Cash and cash equivalents at the beginning of the year		2,542,890	9,174,156
Cash and cash equivalents at the end of the year		10,152,440	2,542,890
		(7,609,550)	6,631,266

JOZINI MUNICIPALITY
NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2010

	2010	2009
	R	R
1 ACCUMULATED SURPLUS		
Accumulated surplus at the beginning	53,949,745	-436,763
Change in accounting policy - Reversal Donations and Public Contributions Reserve	-	1,258,514
Change in accounting policy - Reversal of Government Grant Reserve	-	47,305,631
Change in accounting policy- Backlog Depreciation	-	-5,803,838
Correction of error	-	286,764
Surplus at the end of the year	24,458,128	11,807,657
Prior Year Adjustment	-	-468,220
Prior Year Adjustment before conversion	-	-2,812,455
Capital Development Fund	-	2,169,812
Public Improvement Fund	-	168,082
Public Improvement Fund Advances	-	6,342
	78,407,873	53,949,745
2. UNSPENT CONDITIONAL GRANT		
IDP	-	(58,581)
Development Planning capacity building	-	48,683
Lums Grant	-	27,012
LGWSETA	-	130,754
GIS	-	24,230
Library Grant	-	210,339
Finance Management Grant	-	616,172
Housing Grant	83,492	83,492
Sports Commission	-	120
MAP	-	100,000
Interdepartmental Monitoring	-	35,111
MFMA	-	46,037
Property Rates	-	264,259
Anti-Corruption	-	43,059
MSIG	-	1,056,122
Project Consolidate	-	255,979
CDW's Grant	-	13,417
Municipal Dev. Infrastructure services	-	18,242
Municipal Performance Management	-	1,027,220
Spatial Planning	-	17,608
Development Planning capacity building	-	85,000
Municipal Infrastructure Investment	-	45,029
Housing grant - Ward 5	-	124,190
Tourism DC 27	-	9,517
MIG	6,449,265	5,446,996
HIV/AIDS Grant DC27	-	62,800
Area 17 Water Scheme	521,807	992,556
Ndumo Sport Complex	385,510	499,709
Establishment of Internal Control Unit	150,000	150,000
Ward Committee induction training	23,355	23,355
Municipal Housing sector plan	11,775	11,775
Jozini upgrading Projects	611,886	1,250,000
Thasong Services	-	383,707
Fresh product market	1,945,394	46,633
Bambanana town formalisation	69,365	300,000
Synergistic program	93,541	298,291
Wing Development Project	0	36,751
Ubuhle besika cultural village	69,700	180,000
Library project	(0)	21,456
Manyiseni Sportsfield	-	277,580
MPRA Transfers	538,100	557,411
GOOCH Development	-	3,500
Local Government Expert	22,384	420,397
Warrant Of Arrests for Traffic Fines	-	6,600
Jozini Town Formalisation	6,818,140	-
(Refer to appendix A for more detail)	17,793,713	15,192,528

3. PROPERTY PLAN AND EQUIPMENT

Property, Plant And Equipment at 30 JUNE 2010

	Infrastructure Assets R	Land and Building R	Vehicles R	Office Furniture Equipment & other R	Total R
Reconciliation of Carrying Value					
Carrying Value as at 1 July 2009	32,320,934	21,399,415	1,921,135	1,913,042	57,554,527
Costs	18,141,723	22,245,345	3,688,877	4,332,120	48,408,067
Capital under Construction WIP	16,978,734				16,978,734
Change in accounting policy					
Correction of Error					
Accumulated depreciation and impairment losses	(2,799,523)	(845,930)	(1,767,743)	(2,419,078)	(7,832,274)
Acquisitions	99,003	1,345,444	-	753,617	2,198,064
Capital under Construction WIP	18,723,515		-	-	18,723,515
Depreciation	(738,647)	(189,024)	(507,045)	(652,432)	(2,087,148)
Loss on sale	-	-	(84,197)	(133,951)	(218,148)
Cost/Revaluation	-	-	(388,333)	(816,545)	(1,204,877)
Accumulated depreciation and impairment losses	-	-	(304,135)	(682,594)	(986,729)
Impairment loss/Reversal of impairment loss					
Transfers					
*Other movements					
Carrying Value at 30 June 2010	50,404,805	22,555,835	1,329,893	1,880,277	76,170,810
Costs	18,240,726	23,590,789	3,300,545	4,269,193	49,401,254
Capital under Construction WIP	35,702,249				35,702,249
Accumulated depreciation and impairment losses	(3,538,170)	(1,034,954)	(1,970,652)	(2,388,916)	(8,932,692)
Carrying Value at 30 June 2010	50,404,805	22,555,835	1,329,893	1,880,277	76,170,810

Property, Plant And Equipment continued

	Infrastructure Assets R	Land and Building R	Vehicles R	Office Furniture Equipment & other R	Total R
Reconciliation of Carrying Value					
Carrying Value as at 1 July 2008	14,240,423	10,032,375	2,447,386	1,938,596	28,658,780
Costs	16,302,427	10,709,598	3,688,877	3,733,444	34,434,347
Capital under Construction WIP					
Change in Accounting policy					
Correction of Error					
Accumulated depreciation	(2,062,004)	(677,223)	(1,241,491)	(1,794,848)	(5,775,567)
Acquisitions	1,839,296	11,535,747	0	598,677	13,973,720
Capital under Construction	16,978,734				16,978,734
Depreciation	(737,519)	(168,706)	(526,252)	(624,230)	(2,056,707)
Carrying value of disposal					
Costs					
Accumulated Depreciation					
Impairment Losses					
Other Movements					
Carrying Value at 30 June 2009	32,320,934	21,399,415	1,921,135	1,913,042	57,554,527
Costs	18,141,723	22,245,345	3,688,877	4,332,120	48,408,067
Capital under Construction WIP	16,978,734				16,978,734
Accumulated Depreciation	(2,799,523)	(845,930)	(1,767,743)	(2,419,078)	(7,832,274)

(Refer to Appendix B & C for more details.)

JOZINI MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2010

4 Intangible Assets

	2010 R	2009 R
Recancellation of Carrying Value		
Carrying Value as at beginning of the year	100,060	101,969
Costs	156,077	130,240
Capital under Construction WIP		-
Change in accounting policy		
Correction of Error		
Accumulated depreciation and impairment losses	(56,017)	(28,271)
Acquisitions	29,015	25,837
Depreciation	(33,997)	(27,746)
Disposal cost	(17,500)	-
Disposal Accumulated Depreciation	9,644	
Loss on sale	-	-
Cost/Revaluation	-	-
Accumulated depreciation and impairment losses	-	-
Impairment loss/Reversal of impairment loss		
Transfers		
*Other movements		
Carrying Value at end of the Year	87,221	100,060
Costs	167,592	156,077
Accumulated depreciation and impairment losses	(80,371)	(56,017)
Carrying Value at end of the Year	87,221	100,060

5. INVESTMENTS

Unlisted:		
FNB Call Account 62064734679	14,531	496,068
Merchant Bank	3,236,761	410,731
FNB Call Account 62054059516	27,574	222,692
Absa :	-	3,094,865
Absa : 9212396288	3,185	1,320,370
Investec Bank : 1100435870450	4,071,646	2,027,419
Total Investments	7,353,696	7,572,144
Managements' valuation of unlisted investments.	7,353,696	7,572,144

6. TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

Rates Debtors	10,083,322	5,712,494
Refuse Debtors	2,565,198	1,716,259
Sundry Debtors	-	158,350
M Ndlovu - Dept of Housing	-	(1)
BP Ntshangase - Rent	-	864
Salary Suspense	-	8,752
Other debtors	9,000	9,000
	12,657,520	7,605,720
Less: Provisions for bad Debts and Discounting of debtors	(7,601,759)	(4,636,814)
	5,055,761	2,968,906

Rates: Ageing

Current (0 – 30 days)	522,913	5,171
31 – 60 Days	765,739	42,757
61 – 90 Days	328,679	39,936
91 – 120 Days	334,264	38,083
+ 121 Days	8,131,728	5,586,547

Total		10,083,322	5,712,494
<u>Refuse: Ageing</u>			
Current (0 – 30 days)		111,276	40,729
31 – 60 Days		98,095	55,976
61 – 90 Days		90,015	52,800
91 – 120 Days		87,829	51,147
+ 121 Days		2,177,982	1,515,607
Total		2,565,198	1,716,259
<u>Summary of Debtors by Customer Classification</u>			
	Consumers	Industrial / Commercial	National and Provincial Government
as at 30 June 2010			
Current (0 – 30 days)	123,541	377,940	132,708
31 – 60 Days	123,309	320,401	420,124
61 – 90 Days	133,861	249,600	35,233
91 – 120 Days	120,866	244,633	56,594
+ 121 Days	2,658,923	3,127,088	4,523,698
Total debtors by customer classification	3,160,501	4,319,662	5,168,357

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JOZINI MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2010

	2010 R	2009 R	
<u>Summary of Debtors by Customer Classification</u>	Consumers	Industrial / Commercial	National and Provincial Government
as at 30 June 2009			
Current (0 – 30 days)	23,838	18,927	3,135
31 - 60 Days	26,077	66,645	6,001
61 - 90 Days	25,875	61,010	5,851
91 - 120 Days	25,299	58,080	5,851
+ 121 Days	841,205	3,246,330	3,014,630
Total debtors by customer classification	942,294	3,450,992	3,035,468
 <u>Reconciliation of the doubtful debt provision</u>			
Balance at beginning of the year		4,636,814	1,918,180
Contributions to provision		2,964,945	2,718,634
Balance at end of year		7,601,759	4,636,814
 OTHER DEBTORS			
Vat receivable			
Value Added Tax		1,482,182	2,165,228

7. PROVISIONS

Provision for performance bonuses	115,512	-
Provision for rehabilitation of landfill site	250,000	-
Leave	1,201,917	978,153
	1,567,429	978,153

Provisions for leave pay was made based budgeted figure in the budget.
Calculated based on 15days multiply by applicable rate of each employee.

8. ACCOUNTS PAYABLES

Trade Creditors	560,381	598,343
Retention Held	1,972,714	2,015,970
Insurance received	-	53,488
Purchase of Ingwavuma Sites	-	115,527
	2,533,095	2,783,328

9. AUDITORS' REMUNERATION

Paid during the year	1,253,035	832,522
Total Auditors' remuneration	1,253,035	832,522

10. FINANCE TRANSACTIONS

Total external interest earned/(paid):		
Interest earned	716,364	(1,697,504)
Interest paid	-	-
	716,364	(1,697,504)

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JOZINI MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2010

	2010 R	2009 R
11. EMPLOYEE RELATED COSTS		
Salaries & Wages	12,080,016	10,620,204
Contributions for UIF, pension and medical aids	2,539,834	2,271,747
Travel, motor car, other allowances	3,397,526	2,485,765
Housing benefits	35,536	8,856
Overtime payments	95,932	586,744
Bonus	781,435	674,113
Total Employee Related Costs	18,930,278	16,647,428
Remuneration of the Municipal Manager		
Annual Remuneration	622,440	336,412
Performance Bonuses	-	-
Travel, motor car, accommodation, subsistence and other allowances	206,903	286,436
UIF	1,497	1,399
Total	830,840	624,247
Remuneration of the Chief Financial Officer	R	R
Annual Remuneration	562,590	313,855
Performance Bonuses	25,380	-
Travel, motor car, accommodation, subsistence and other allowances	111,067	250,653
UIF	1,497	1,399
Total	700,534	565,907
Remuneration of Individual Executive Directors		
Year ending 30 June 2010	Technical	Corporate

	Services	Services
Annual Remuneration	562,586	562,586
Performance Bonuses	-	25,380
Travel, motor car, accommodation, subsistence and other allowances	149,391	136,561
UIF	1,497	1,497
Total	713,475	726,025
	Technical Services	Corporate Services
Year ending 30 June 2009		
Annual Remuneration	267,724	291,112
Performance Bonuses	-	-
Travel, motor car, accommodation, subsistence and other allowances	258,325	242,862
UIF	1,399	1,399
Total	527,448	535,373

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JOZINI MUNICIPALITY
NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2010

	2010 R	2009 R
12. COUNCILLORS' REMUNERATION		
Mayor's allowance	180,310	174,212
Executive Committee	817,340	789,067
Ordinary Councillors	2,495,248	2,448,338
Councillors' pension Fund	-	-
Total Councillors' Remuneration	3,492,897	3,411,618
In-kind Benefits		
The Mayor, Deputy Mayor and Speaker are provided with an office and the Mayor is also provided with the secretarial support at the cost of the Council. The Mayor has two full-time bodyguard / driver.		
13. DEPRECIATION AND AMORTISATION EXPENSE		
Property, plant and equipment	2,096,791	2,056,707
Intangible assets	24,354	27,746
Investments property carried at cost	-	-
Biological assets carried at cost	-	-
Total depreciation and amortisation	2,121,145	2,084,453
14. CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure		
-approved and contracted for	4,350,000	4,500,000
-approved but not yet contracted for	20,902,460	13,425,000
	25,252,460	17,925,000
This expenditure will be financed from		
-internal sources		
-external sources	-	-
Other sources	-	-
Provincial government	25,252,460	17,925,000
	25,252,460	17,925,000

15 GOVERNMENT GRANTS AND SUBSIDIES

Equitable Share	38,297,382	30,078,273
Finance Management Grant /Other	33,413,152	18,566,489
	71,710,534	48,644,762

In terms of the Constitution, the equitable share is used to subsidise the provision of basic services. FMG is funding the implementation of MFMA and Contract Services are grant allocated by Provincial and National Treasury to fund community infrastructure projects and capacity building programs as listed below.

16 Other Income

Miscellaneous	95,806	82,760
Tender Monies	170,350	33,100
Donation received	-	21,500
Hall Hire	18,212	6,842
Building Plan Fee	29,440	45,650
TLB Income	23,203	99,166
Insurance Refunds	53,488	4,870
Commission received	5,123	5,910
Library	6,766	2,824
Sale of asset	101,031	-
Sundry Income	914	900
Combo Sign	-	3,915
	504,333	307,437

JOZINI MUNICIPALITY**NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2010**

	2010	2009
	R	R
17. GENERAL EXPENSES		
Included in general expenses are the following		
WOMEN'S DAY	38,040	88,532
YOUTH DAY	98,995	75,354
PRAYER DAY	49,552	44,125
HIV/AIDS PROGRAMME	188,682	90,785
CONSULTANT FEES	7,079	748,964
ACCOMMODATION EXPENSES	734,480	689,968
ADVERTISING	80,335	99,082
ART & CULTURE COMPET	93,607	58,553
MUNICIPAL INTERNATIONAL RELATIONS	90,167	90,785
ASHBINS	9,068	-
STORES & MATERIAL	5,407	15,907
AUDIT FEES INTERNAL	727,820	748,964
AUDIT FEES EXTERNAL	1,253,035	689,968
BANK CHARGES	74,186	58,553
BOOKS PERIODICALS	1,691	43,943
MUNICIPAL CELLPHONES	237,393	201,329
TOOLS	105	305
CLEANING & TEAS	20,826	72,759
COMMITTEE EXPENSES	9,111	8,026

LEGISLATION (ACTS)	5,286	-
MUNICIPAL WEBSITE RENTALS	20,134	-
ENTERTAINMENT & FUNCTIONS	163,871	133,266
FUEL & OIL	634,244	935,161
TOURISM PORTFOLIO	8,612	4,141
GRANTS & DONATIONS	-	-
COMMUNITY PARTICIPATION	187,786	754,048
FREE BASIC SERVICES	886,798	224,724
IDP GRANT EXPENDITURE	(5,422)	237,317
GIS	41,125	-
SDF	41,125	-
INSURANCE	299,482	-
KWANALOGA GAMES	95,660	176,705
LEGAL FEES	104,967	61,573
LICENCES	70,511	28,926
MAYORAL FUND	542,194	739,030
MEDICAL EXAMINATIONS	300	1,200
MEMBERSHIP/SUBSCRIPTIONS	221,502	120,430
POSTAGE & TELEPHONE	477,293	433,068
PRINTING & STATIONERY	317,639	404,112
PUBLICITY	110,641	278,529
S & T	1,548,732	1,596,501
REHABILITATION OF DUMP SITES	376,905	47,595
STAFF TRAINING	48,164	136,902
WATER & ELECTRICITY	55,037	250,244
BUSARY	50,528	18,593
STREET LIGHTS	219,063	-
DISABILITY FORUM	9,903	9,360
GENDER FORUM	23,210	5,350
ELDERS FORUM	25,000	85
MUNICIPAL SPORTS DAY	138,078	249,497
CRIME PREVENTION	5,000	44,500
PAUPER BURIALS	61,992	52,209
POVERTY ELEVATION	529,175	1,141,371
DISASTER BURIALS	222,570	906,597
DISASTER TENTS	12,249	53,968
LED STRATEGY REVIEW	207,064	-

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JOZINI MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2010

	2010	2009
	R	R
continuation of General Expenses		
TOURISM INFORMATION CENTRES	55,795	-
UNIFORMS	170,344	81,202
CONDOM,STI WEEK	2,250	4,700
YOUTH PROGRAM	24,085	262,316
PASTOR FORUM	5,590	26,103
INDIGENOUS GAMES	85,600	16,457
DONATIONS WELLNESS	62,220	88,475
ERECTION OF POUND	(14,338)	157,936
LICENCE TESTING STATION	4,288	3,755
AUDIT COMMITTEE	1,170	12,276
HR/FINANCE/LED/HIV PORTFOLIO	2,849	7,686
WASTE & HEALTH PORT	(2,025)	5,462
TRANSPORT PORT COMMITTEE	1,522	11,175
INFR,WATER,SANITATION PORT COMM EXP	13,932	10,868
COMMUNITY SERVICES COMMITTEE	3,255	8,026
PROVISION FOR SITE LANDFILE	250,000	-
TEAM BUILDING	120,787	-
COUNCIL AND EXCO	384,450	-
LEAVE	356,825	-
	13,004,595	13,569,348

18. LOSS ON SALE OF ASSETS

Property, plant and equipment

226,005

-

Total Loss on sale assets**226,005****-****19. CASH GENERATED BY OPERATIONS****Cash receipts from ratepayers, government and other**

Sales of goods and services

7,482,493

2,179,777

Grants received

71,710,534

48,644,762

Interest received

1,837,895

2,326,966

Other receipt

639,468

406,998

Interest earned

(716,364)

(1,697,504)

(Increase)/Decrease in trade receivables

(2,086,855)

1,751,722

Other assets

(18,603,444)

-

Cash receipts from ratepayers, government and other**60,263,726****53,612,721****Cash paid to suppliers and employees**

Employee costs

22,423,175

20,059,046

Other payments

34,789,086

21,691,800

Contribution to provisions- current

(589,276)

17,559,324

Increase/(Decrease) in conditional grants

(2,601,185)

10,774,950

Increase in property, plant and equipment

(20,950,594)

(30,978,291)

Increase/(Decrease) in trade payables

250,234

(1,885,291)

(Increase)/Decrease in VAT

(683,046)

(4,317,525)

32,638,395**32,904,013****Cash generated from operations****27,625,331****20,708,708****Reconciliation of Net Surplus to Cashflow Generated from operations**

Net Surplus for the year

24,458,128

11,807,657

Adjustment for:

Depreciation

2,121,145

2,084,453

Interest paid

-

-

Loss on Sale of Assets

226,005

-

Interest earned

(716,364)

(1,697,504)

(Increase)/Decrease in trade receivables

(2,086,855)

1,751,722

Change in accounting policy

-

28,893,838

Contribution to provisions- current

589,276

(17,559,324)

Increase/(Decrease) in conditional grants

2,601,185

(10,774,950)

Increase/(Decrease) in trade payables

(250,234)

1,885,291

(Increase)/Decrease in VAT

683,046

4,317,525

Cash generated from operations**27,625,332****20,708,708**

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JOZINI MUNICIPALITY**NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2010****2010****2009****R****R****20. (INCREASE)/DECREASE IN LONG-TERM LOANS (EXTERNAL)**

Loans Raised

-

-

Loans Repaid

-

-

21. (INCREASE)/DECREASE IN INVESTMENTS

Investment beginning of the year

7,572,144

9,512,958

Investment end of the year

7,353,696

7,572,144

Net increases in cash equivalents

(218,448) (1,940,814)

22. (INCREASE)/ DECREASE IN CASH ON HAND

The Municipality has the following bank accounts:-

Current Account (primary Bank Account)

ABSA Bank - Jozini Branch

Cash book balance at beginning of year - overdrown

39,691,549 2,002,523

Bank statement balance at end of year - (overdrown)

1,779,717 39,691,549

(37,911,832) 37,689,025

First National Bank - Mkuze Branch

Cash book balance at beginning of year - overdrown

(37,148,659) 7,171,633

Cash book balance at end of year

8,372,724 (37,148,659)

45,521,382 (44,316,786)

Movements

Net Bank Balance

10,152,440 2,542,890

Increase/ Decrease

(INCREASE)/DECREASE IN BANK

Investment beginning of the year

2,542,890 9,174,156

Investment end of the year

10,152,440 2,542,890

Net increases in cash equivalents

7,609,550 (6,631,266)

23. CONTINGENT LAIBILITIES

Claim for damage - ADS (Pty) Ltd

The Municipality is being sued by ADS (Pty Ltd) for termination of a contract. Council is contesting the claim based on legal advice. A court date has not yet been set. The contingent liability includes legal costs of R 900 000. Should Council be unsuccessful in defending the claim, there is a possibility that the claim will be settled from R 4 300 000

Claim for damages - Ncaphalala

The Municipality is being sued by Ncaphalala for alleged assault by municipal traffic officers. Council is contesting the claim based on legal advice. A court date has not yet been set. The contingent liability includes legal costs of R 25 000. Should Council be unsuccessful in defending the claim, there is a possibility that the claim will be settled from R 50 000.

JOZINI MUNICIPALITY

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2010

24. Correction of Error

Vat

Vat returns for 2009 financial year were reconciled and agreed with SARS but the general ledger was not corrected.

Vat

1,878,463 1,878,463

Add : Vat adjustment

286,765

Total

2,165,228 1,878,463

General Expenses

Vat returns for 2009 financial year were reconciled and agreed with SARS but the general ledger was not corrected.

General Expenses
Less : Vat adjustment
Total

2009 Restated	2009 Previously stated
13,856,113	13,856,113
286,765	
13,569,348	13,856,113

25 CHANGE IN ACCOUNTING POLICY

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice. This represents a change in accounting framework from IMFO and to Generally Recognised Accounting Practice. In accordance with the transitional provisions as per directive 4 of the GRAP reporting framework, PPE with carrying amount of R 76 170 810 (2009:R 57 554 527) was recognised provisional amounts, subject to fully compliance by 30 June 2012. The aggregate effect of the changes in accounting policy on the annual financial statements for the year ended 30 June 2009 are as follows:

Statement of financial position**Property, Plant and Equipment**

Previously stated	-
Adjustment	57,554,527
Current year	57,554,527

Intangible Assets

Previously stated	-
Adjustment	100,060
Current year	100,060

Government grant reserve

Previously stated	47,305,631
Current year	(47,305,631)
Adjustment	-

Donations and public contributions reserve

Previously stated	1,258,514
Adjustment	(1,258,514)
Current year	-

Accumulated Depreciation

Previously stated	-
Adjustment	5,803,838
Current year	5,803,838

26 Statement of comparative and actual information**Financial performance**

	Final budget	Actual Outcome	Variance	Actual Outcome as % budget
Property rates	2,500,000	6,238,695	3,738,695	250%
Service charges	1,500,000	1,044,523	-455,477	70%
Transfers recognised grants	57,179,000	71,710,534	14,531,534	125%
Other own revenue	4,843,742	2,676,638	-2,167,104	55%
TOTAL INCOME	66,022,742	81,670,390	15,647,648	124%
Employee costs	16,160,595	18,930,278	2,769,683	117%
Remuneration of councillors	6,062,339	3,492,897	-2,569,442	58%
Transfers and grants	18,671,000	12,738,476	-5,932,524	68%
Other own expenditure	25,128,808	22,050,610	-3,078,198	88%
TOTAL EXPENDITURE	66,022,742	57,212,262	-8,810,480	331%
Surplus/(Deficits)	-	24,458,128	24,458,128	-207%

27. IRREGULAR EXPENDITURE

Reconciliation of irregular expenditure

Opening balance	
Irregular expenditure current year	56,320
Condoned or written off by Council	
Transfer to receivables for recovery – not condoned	
Irregular expenditure awaiting condonement	56,320

Amount disclosed under irregular expenditure is made of services rendered to the municipality by Government employees which is contrary to SCM regulations. The municipality will setup control system on the SCM processes to detect this kind of expenditure in future. An investigation will be conducted to advise Council on possible actions to be taken against individuals involved will include disciplinary action, recovery of funds, laying of criminal charges or condonement of expenditure.

JOZINI MUNICIPALITY
APPENDIX A
CONDITIONAL GRANTS AND RECEIPTS AT 30 JUNE 2010

	Balance at 01/7/2009	Contributions during the year	expenditure during the year	Balance at 30/06/2010
UNSPENT CONDITIONAL GRANTS	R	R	R	R
IDP	(58,581)	-	(58,581)	-
Development Planning capacity build	48,683	-	48,683	-
Lums Grant	27,012	-	27,012	-
LGWSETA	130,754	-	130,754	-
GIS	24,230	-	24,230	-
Library Grant	210,339	90,000	300,339	-
Finance Management Grant	616,172	1,500,000	2,116,172	-
Housing Grant	83,492	-	-	83,492
Sports Commission	120	-	120	-
MAP	100,000	-	100,000	-
Interdepartmental Monitoring	35,111	-	35,111	-
MFMA	46,037	-	46,037	-
Property Rates	264,259	-	264,259	-
Anti-Corruption	43,059	-	43,059	-
MSIG	1,056,122	735,000	1,791,122	-
Project Consolidate	255,979	-	255,979	-
CDW's Grant	13,417	-	13,417	-
Municipal Dev. Infrastructure services	18,242	-	18,242	-
Municipal Performance Management	1,027,220	-	1,027,220	-
Spaill Planning	17,608	-	17,608	-
Development Planning capacity build	85,000	-	85,000	-
Municipal Infrastructure Investment	45,029	-	45,029	-
Housing grant - Word 5	124,190	-	124,190	-
Tourism DC 27	9,517	-	9,517	-
MIG	5,446,996	22,095,343	21,093,073	6,449,265
HIV/AIDS Grant DC27	62,800	-	62,800	-
Area 17 Water Scheme	992,556	275,624	746,373	521,807
Ndumo Sport Complex	499,709	-	114,199	385,510
Establishment of Internal Control Unit	150,000	-	-	150,000
Ward Committee induction training	23,355	-	-	23,355
Municipal Housing sector plan	11,775	-	-	11,775
Fresh Produced Products	-	2,000,000	2,000,000	-
Jozini upgrading Projects	1,250,000	-	638,115	611,886
Thosong Services	383,707	-	383,707	-
Fresh product market	46,633	2,000,000	101,238	1,945,394
Bambanana town formalisation	300,000	325,000	555,635	69,365
Synergistic program	298,291	-	204,751	93,541
Wing Development Project	36,751	-	36,751	0
Ubuhe besiko cultural village	180,000	-	110,300	69,700
Library project	21,456	-	21,456	(0)
Manyiseni Sportsfield	277,580	-	277,580	-
MPRA Transfers	557,411	-	19,311	538,100
GOOCH Development	3,500	-	3,500	-
School Crossing - DOT	-	15,800	15,800	-
Local Government Expert	420,397	-	398,013	22,384
Warrant Of Arrests for Traffic Fines	6,600	9,900	16,500	-
Animal Pound Fines	-	67,670	67,670	-
Jozini Town Urban Design	-	6,900,000	81,860	6,818,140
TOTAL	15,192,528	36,014,337	33,413,152	17,793,713

JOZINI MUNICIPALITY
APPENDIX B
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AT 30 JUNE 2010

Description	Historical Cost					Accumulated Depreciation				Carrying Value
	Opening Balance	Additions /	Disposals /	Under	Closing	Opening	Depreciation	Disposals /	Closing	
	Cost	Write-Ons	Write-Offs	Construction	Balance	Balance	R	Write-Offs	Balance	
	R	R	R	R	R	R	R	R	R	R
Land										
Undeveloped land	80,000	-	-	-	80,000	-	-	-	-	80,000
	80,000	-	-	-	80,000	-	-	-	-	80,000
Buildings										
Non residential structures										
Community centres and public entity	8,626,819	1,221,903	-	-	9,848,722	8,164	25,718	-	13,882	9,814,840
Libraries	900,014	-	-	-	900,014	94,481	29,980	-	124,461	775,554
Office building	1,273,309	29,665	-	-	1,302,974	644,969	109,106	-	754,275	2,548,699
Sport and Recreational facility	7,837,929	-	-	-	7,837,929	61,851	9,628	-	71,479	7,766,449
Non residential perimeter prot	242,748	-	-	-	242,748	795	185	-	980	241,769
Abution/Public facilities	174,129	-	-	-	174,129	-	16	-	16	174,113
Markets/Shops	425,867	59,847	-	-	485,714	35,671	14,191	-	49,862	435,852
	21,480,615	1,311,415	-	-	22,792,230	845,930	169,024	-	1,014,954	21,757,276
Other structures										
Infrastructure										
Electricity reticulation	-	74,076	-	-	74,076	-	380	-	380	73,696
	-	74,076	-	-	74,076	-	380	-	380	73,696
Roads										
Storm Water drains concrete	4,156,480	-	-	-	4,156,480	744,615	83,073	-	827,687	3,328,793
Roads municipal	8,858,364	-	-	-	8,858,364	1,780,398	442,615	-	2,223,013	6,635,351
Gravel roads	2,719,698	-	-	-	2,719,698	191,955	191,650	-	383,605	2,336,093
Roads street lighting	550,283	46,464	-	-	596,747	40,581	14,275	-	54,856	541,891
Roads Traffic Signs	17,500	-	-	-	17,500	2,991	1,166	-	4,157	13,343
	16,302,305	46,484	-	-	16,348,789	2,760,539	732,779	-	3,493,318	12,855,471
Water										
Water reticulation	-	-	-	-	-	-	-	-	-	-
Solid Waste Disposal										
Landfill site earthmoving	74,508	-	-	-	74,508	34,787	4,964	-	39,751	34,757
Landfill site structure	-	-	-	-	-	-	-	-	-	-
	74,508	-	-	-	74,508	34,787	4,964	-	39,751	34,757
Cemeteries										
Cemeteries	-	12,472	-	-	12,472	-	-	-	-	12,472
Cemeteries perimeter protection	7,866	-	-	-	7,866	4,197	524	-	4,721	3,149
	7,866	12,472	-	-	20,338	4,197	524	-	4,721	15,617
Other										
Machinery and Equipment										
Audiovisual equipment	36,427	14,514	(8,515)	-	42,426	10,967	4,310	(5,111)	10,167	32,259
Electric wire and power distribution	3,000	34,029	(3,000)	-	34,029	3,000	13	(3,000)	13	34,016
Emergency Rescue Equipments	41,804	-	-	-	41,804	3,277	4,178	-	7,454	34,349
Fire Fighting Equipments	4,870	-	-	-	4,870	2,515	973	-	3,488	1,382
Gardening Equipments	93,193	-	(26,448)	-	66,745	54,178	18,925	(22,040)	51,063	15,682
Kitchen Appliances	20,104	789	(1,550)	-	19,343	7,741	2,088	(930)	8,899	10,443
Medical and allied Equipments	92,400	-	-	-	92,400	177	9,234	-	9,411	82,989
Photographic Equipments	21,644	5,026	(11,510)	-	15,160	12,538	4,904	(10,273)	7,169	17,971
Pumps, plumbing, purification	2,891	-	-	-	2,891	707	289	-	996	1,896
Radio Equipments	-	12,970	-	-	12,970	-	3,225	-	3,225	19,745
Security Equipments	70,251	-	-	-	70,251	11,376	14,041	-	25,417	44,834
Survey Equipments	6,140	13,812	-	-	19,952	1,965	2,067	-	4,031	15,921
Telecommunication Equipments	40,000	1,650	(40,000)	-	1,650	40,000	309	(40,000)	309	1,341
Woodworking machinery and Equipments	201	-	-	-	201	26	20	-	46	155
Workshop Equipments	517,016	-	(510,483)	-	6,533	321,644	106,190	(421,424)	6,411	2,122
	980,142	92,791	(619,526)	-	453,407	470,111	170,766	(502,778)	138,099	315,307
Furniture and office equipments										
Air conditioners	359,422	18,500	(5,975)	-	372,347	305,805	27,265	(5,975)	327,095	45,252
Office furniture	1,165,527	84,277	(63,763)	-	1,186,042	750,002	187,718	(55,184)	882,535	503,507
Office equipments including fax	378,016	7,140	(20,153)	-	365,003	110,514	54,158	(14,742)	149,930	215,073
	2,802,965	110,317	(89,691)	-	2,823,391	1,166,320	269,140	(75,901)	1,359,560	763,832
Computer Equipments										
Computer Hardware	1,249,013	550,509	(107,127)	-	1,692,395	782,407	212,525	(103,915)	891,017	801,378
	1,249,013	550,509	(107,127)	-	1,692,395	782,407	212,525	(103,915)	891,017	801,378
Transport Assets										
Motor Vehicle	1,873,566	-	(253,333)	-	1,620,233	913,996	267,469	(169,135)	1,012,330	607,904
Trailers and Accessories	7,105	-	-	-	7,105	840	710	-	1,550	5,555
Trucks	1,808,206	-	(135,000)	-	1,673,206	652,906	238,866	(135,000)	956,772	716,434
	3,688,877	-	(388,333)	-	3,300,545	1,767,743	507,045	(304,135)	1,970,652	1,329,893
Intangibles										
Intangible asset	-	-	-	-	-	-	-	-	-	-
Computer Software	156,077	29,015	(17,500)	-	167,592	56,017	33,997	(9,644)	80,371	87,221
	156,077	29,015	(17,500)	-	167,592	56,017	33,997	(9,644)	80,371	87,221
SUB TOTALS CARRIED FORWARD	46,122,570	2,227,079	(1,222,377)	-	47,127,271	7,668,051	2,121,145	(996,373)	9,012,823	30,114,448
WIP	19,420,069	-	-	18,723,515	30,143,583	-	-	-	-	38,143,583
TOTAL	65,542,638	2,227,079	(1,222,377)	18,723,515	85,270,853	7,668,051	2,121,145	(996,373)	9,012,823	76,258,032

JOZINI MUNICIPALITY
APPENDIX C

SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AT 30 JUNE 2010

Fixed Assets	Historical Cost					Accumulated Depreciation				Carrying Value	
	Description	Opening Balance Cost	Additions / Write-Offs	Disposals / Write-Offs	Under Instruction Additions	Closing Balance	Opening Balance	Depreciation	Disposals / Write-Offs		Closing Balance
	Executive and Council	3,969,775	253,106	(548,607)	-	3,674,274	1,201,222	292,009	(438,506)	1,054,725	2,619,549
	Corporate Services	1,153,441	441,947	(152,414)	-	1,442,974	810,674	151,841	(133,165)	829,350	613,625
	Human Resources	57,348	-	(13,648)	-	43,700	29,943	9,669	(11,701)	27,911	15,788
	Community Services	2,189,497	260,157	(7,267)	-	2,442,386	511,108	151,628	(5,017)	657,719	1,784,667
	Financial Services	618,782	18,217	(76,512)	-	560,488	343,904	59,547	(75,699)	327,752	232,736
	Budget & Treasury	35,916	-	(2,108)	-	33,809	16,256	5,330	(1,920)	19,667	14,142
	Technical Services	33,219,051	1,170,286	(15,948)	-	34,373,389	2,853,451	787,463	(11,540)	3,629,374	30,744,015
	Planning & Development Services	4,147,708	37,988	(403,163)	-	3,782,533	1,924,930	557,286	(316,323)	2,165,893	1,616,641
	Waste Management Services	247,415	14,876	-	-	262,291	92,021	44,159	-	136,180	126,111
	Public Safety	483,636	30,502	(2,710)	-	511,428	104,542	62,213	(2,502)	164,253	347,175
	SUB TOTAL	46,122,570	2,227,079	(1,222,377)	-	47,127,272	7,888,051	2,121,145	(996,373)	9,012,823	38,114,449
	WTP	19,420,069			18,723,515	38,143,583					38,143,583
	TOTAL	65,542,638	2,227,079	(1,222,377)	18,723,515	85,270,855	7,888,051	2,121,145	(996,373)	9,012,823	76,258,032

JOZINI MUNICIPALITY

APPENDIX O

ANALYSIS OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010

Restated Actual 2009 R		Actual 2010 R	Budget 2010 R
	INCOME		
48,644,762	Government and Provincial grants and subsidies	71,710,534	57,179,000
30,078,273	- Equitable share	38,297,382	38,297,382
18,566,489	- National / Provincial Government	33,413,152	18,881,618
-	- Public / Local Government	-	-
2,809,238	Operating Income	8,604,024	8,058,742
1,688,144	- General Rates	6,238,695	2,500,000
348,800	- Traffic Fines/Penalties	195,750	2,500,000
-	- Interest on debtors	1,121,531	-
1,725	- Interest on Investments	-	1,558,742
770,570	- Cemeteries	3,525	-
	- Library	-	-
	- Refuse Removal	1,044,523	1,500,000
			-
406,998	Other Income	639,468	685,000
82,760	- Miscellaneous	95,806	130,000
33,100	- Tender Monies	170,350	155,000
21,500	- Donation received	-	-
6,842	- Hall Hire	18,212	150,000
-	- Sale of documents/ Discount Received	-	-
99,561	- Rent & Commission Received	135,135	250,000
45,650	- Plant hire	29,440	-
99,166	- TLB Income	23,203	-
-	- Proceeds from sale of assets	-	-
4,870	- Insurance Refunds	53,488	-
9,634	- Commission received/other	113,834	-
3,915	-Combo Sign	-	-
1,697,504	Interest earned	716,364	100,000
53,558,503	TOTAL INCOME	81,670,390	66,022,742
	EXPENDITURE		
	OPERATING EXPENDITURE		
20,059,046	Salaries, wages and allowances	22,423,175	22,222,934
16,287,982	General expenses	17,773,691	20,553,641
2,084,453	Depreciation	2,121,145	-
1,097,503	Repairs and maintenance	1,486,774	2,944,000
-	Capital charges	-	-
585,943	Contribution to capital outlay	308,975	18,671,000
48,163	Contribution to leave	356,825	1,531,167
-	Contributions to funds	3,200	-
1,587,755	Contributions to projects	12,738,476	-
41,750,846	Gross operating expenditure	57,212,262	66,022,742
-	Less : Amounts recharged	-	-
41,750,846	Net operating expenditure	57,212,262	66,022,742
11,807,657	SURPLUS/(DEFICIT)	24,458,128	-